

**THE OFFICE OF REGULATORY STAFF
SURREBUTTAL TESTIMONY AND EXHIBIT
OF**

NICHOLAS PHILLIPS, JR.

MAY 9, 2011



DOCKET NO. 2011-20-E

**Amended Project Development Application of Duke
Energy Carolinas, LLC for Approval of Decision to Incur
Nuclear Generation Pre-Construction Costs**

**SURREBUTTAL TESTIMONY AND EXHIBIT OF
NICHOLAS PHILLIPS, JR.**

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NO. 2011-20-E

**IN RE: AMENDED PROJECT DEVELOPMENT APPLICATION OF DUKE
ENERGY CAROLINAS, LLC FOR APPROVAL OF DECISION TO
INCUR NUCLEAR GENERATION PRE-CONSTRUCTION COSTS**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Nicholas Phillips, Jr. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017. I am a consultant in the field of public utility regulation and managing principal with the firm of Brubaker & Associates, Inc., energy, economic and regulatory consultants.

Our firm and its predecessor firms have been in this field since 1937 and have participated in more than 1,000 proceedings in 40 states and in various provinces in Canada. We have experience with more than 350 utilities, including many electric utilities, gas pipelines and local distribution companies. I have testified in many utility proceedings before this and other regulatory commissions on virtually all aspects of ratemaking. More details were provided in my direct testimony filed April 6, 2011 in this proceeding.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS PROCEEDING?

A. My surrebuttal testimony sets forth recent material information submitted by Duke Energy Carolinas, LLC ("Duke") in its filing on this matter in North Carolina.

1 **Q. HAVE THERE BEEN ANY NEW DEVELOPMENTS IMPORTANT TO THIS**
2 **PROCEEDING SINCE YOU FILED YOUR DIRECT TESTIMONY?**

3 **A.**Yes. It is my understanding that in North Carolina, Duke has agreed to the
4 position of the North Carolina Public Staff which in effect reduces their request to \$120
5 million in North Carolina. Duke's North Carolina filing is attached as Surrebuttal Exhibit
6 NP-1.

7 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

8 **A.**Yes, it does.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 819

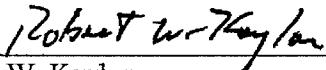
In the Matter of:

Amended Application of Duke Energy Carolinas, LLC for Approval of Decision to Incur Nuclear Generation Project Development Costs)	Duke Energy Carolinas, LLC's Notice of Acceptance of Public Staff's Position
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Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company") pursuant to N.C. Gen. Stat. §6 62-110.7 and Commission Rule R1-7 informs the North Carolina Utilities Commission ("Commission") and parties of record that the Company will accept the Public Staff's position that the Company's decision to incur additional project development costs of up to \$120 million from January 1, 2011 through June 30, 2012, for the Company's proposed William States Lee, III Nuclear Station in Cherokee County, South Carolina ("Lee Nuclear Station") is reasonable and prudent so that the proposed Lee Nuclear Station can be maintained as a potential resource option to satisfy future projected load and energy requirements.

The purpose of this filing is to give notice to the Commission and parties of record of the Company's acceptance of the Public Staff's recommendation prior to the filing of proposed orders and/or briefs in order to allow parties to respond to the Company's filing in their respective proposed orders and/or briefs. The Company in its **proposed** order will adopt the **Public Staff's position** that the **Company's** decision to incur additional project development costs of up to \$120 million from January 1, 2011 through June 30, 2012 for the Lee Nuclear Station is **reasonable** and prudent. The Company also maintains that its decision to continue to incur costs during 2010 was reasonable and **prudent**.

Respectfully submitted this 3rd day of May, 2011.

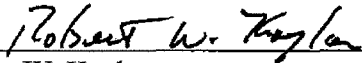

Robert W. Kaylor
Law Office of Robert W. Kaylor, P.A.
3700 Glenwood Avenue, Suite 330
Raleigh, North Carolina 27612
bkaylor@rwkaylorlaw.com
Telephone: 919.828.5250

Timika Shafeek-Horton
Deputy General Counsel
Charles A. Castle
Senior Counsel
Duke Energy Corporation
Post Office Box 1006/EC03T
Charlotte, North Carolina 28201-1006
timika.shafeek-horton@duke-energy.com
Telephone: 704.382.6373
alex.castle@duke-energy.com
Telephone: 704.382.4499

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Notice of Acceptance of Public Staff's Position in Docket No. E-7, Sub 819, has been served by electronic mail (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to parties of record.

This the 3rd day of May, 2011.



Robert W. Kaylor
Law Office of Robert W. Kaylor, P.A.
3700 Glenwood Avenue, Suite 330
Raleigh NC 27612
(919) 828-5250
NC State Bar No. 6237